



Senate

General Assembly

January Session, 2015

File No. 31

Senate Bill No. 889

Senate, March 5, 2015

The Committee on Housing reported through SEN. WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE URBAN REVITALIZATION PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-208c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) The Commissioner of Housing shall, within existing resources of
4 the department, establish an urban revitalization [pilot] program to
5 foster the revitalization and stabilization of urban neighborhoods by
6 facilitating the acquisition and renovation of one-to-four family homes
7 and prioritizing owner-occupancy of such homes. Such program shall
8 be implemented in one or more distressed municipalities, as defined in
9 section 32-9p. The commissioner may contract with one or more state-
10 wide nonprofit organizations to administer the program.

11 (b) The goal of the program shall be to increase homeownership in
12 targeted neighborhoods containing high proportions of one-to-four
13 family homes, giving priority to promoting owner-occupancy in
14 buildings that are for sale, vacant, deteriorated, in foreclosure, bank-

15 owned or investor-owned. The program administrator shall target
16 neighborhoods in which concentrated resources can have a substantial
17 impact on revitalizing and stabilizing the surrounding community.
18 The program administrator shall recruit community stakeholders to
19 provide active support for the program, including local banks, local
20 boards of realtors, neighborhood revitalization zone committees,
21 community-based organizations, community development financial
22 institutions and similar entities. The program administrator shall, as
23 necessary to accomplish program goals:

24 (1) Draw on diverse public and private funding sources and
25 programs, including foundations, local loan funds and programs
26 administered by departments or agencies other than the Department of
27 Housing, including the Connecticut Housing Finance Authority, and
28 use public funds to leverage private resources;

29 (2) Provide financing or investment to support property purchase,
30 rehabilitation, construction, demolition, energy efficiency and aesthetic
31 improvements, including provision of financial products that promote
32 homeownership, such as down payment assistance, and identify other
33 financial resources to support such activities;

34 (3) Offer incentives to investors to develop tenants into owners,
35 apply income restrictions to housing units in order to ensure
36 affordability, and conduct energy efficiency improvements in order to
37 meet weatherization goals;

38 (4) Identify and coordinate access for program participants to rental
39 assistance and foreclosure prevention resources and to other resources
40 that will increase homeownership, stabilize or decrease occupancy
41 costs and stabilize neighborhoods;

42 (5) Provide assistance to individuals who are or who will become
43 homeowners and to nonprofit and for-profit entities that will purchase
44 and rehabilitate properties to sell to individuals who will become
45 homeowners;

46 (6) Provide support services for program participants who are or
47 who will become homeowners so as to maximize the likelihood of their
48 success in maintaining homeownership on a long-term basis, including
49 training in skills necessary to be an effective landlord and assistance in
50 resolving problems that may arise after closing on a home;

51 (7) Identify and structure incentives to encourage participation in
52 the program by lenders, investors and developers with a goal of
53 promoting homeownership; and

54 (8) Assist program participants in locating purchase financing and
55 counseling before and after any purchase and direct such participants
56 to programs that provide deferred, low or no interest or forgivable
57 loans, including the Rental Housing Revolving Loan Fund established
58 pursuant to section 8-37vv.

59 (c) Any person who receives assistance through the program
60 established by this section to purchase a home shall agree (1) to occupy
61 such home or a unit in such home as such person's primary residence
62 for not less than five years, or (2) to transfer such home to a person
63 who will agree to occupy such home or a unit in such home as such
64 person's primary residence for not less than five years. Priority for
65 participation in the program may be given to persons who will become
66 first-time homebuyers and to persons who are living in a
67 neighborhood targeted by the program.

68 (d) [The Commissioner of Housing shall establish the parameters of
69 the program not later than October 1, 2012, and shall designate one or
70 more municipalities to participate in the program not later than
71 January 1, 2013. The commissioner, in accordance with section 11-4a,
72 shall submit the following to the joint standing committee of the
73 General Assembly having cognizance of matters relating to housing:
74 (1) A status report on the program not later than February 1, 2013; (2)
75 an interim report on the program not later than January 1, 2014; and (3)
76 a final report on the program not later than January 1, 2015.] On or
77 before January 1, 2016, and biannually thereafter, the Commissioner of
78 Housing, in accordance with section 11-4a, shall submit a report on the

79 program to the joint standing committee of the General Assembly
80 having cognizance of matters relating to housing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	8-208c

HSG *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Treasurer, Debt Serv.	GF - Acceleration of Debt Service Costs	Potential	Potential

Municipal Impact: None

Explanation

The bill permanently establishes the urban revitalization program, but does not change General Obligation (GO) bond authorizations relevant to the program.

Future General Fund debt service costs may be incurred sooner under the bill to the degree that the bill causes authorized GO bond funds to be expended more rapidly than they otherwise would have been.

For the pilot program, the State Bond Commission approved a total of \$2.6 million from the Flexible Housing program at the June 2013 meeting. It is anticipated that existing GO bond funds through Department of Housing's (DOH) Flexible Housing program may be required to finance the urban revitalization program. As of March 3, 2015, the Flexible Housing program has an unallocated bond balance of \$65.6 million.

The bill also allows the program to draw on diverse public and private funding sources other than the state. To the extent that DOH, or program administrators selected by DOH, can utilize other sources of funding, the potential cost to the state's GO bond funds may be

mitigated.

Background

PA 12-1 JSS created the Urban Revitalization Pilot Program. The Department of Economic and Community Development (as predecessor to DOH) initiated a competitive process in September 2012 for applications to the pilot program. The Connecticut Housing Investment Fund (CHIF) and the Mutual Housing Association (MHA) of South Central Connecticut were ultimately chosen to administer three pilot programs. The pilot programs include:

- (1) East Hartford – administered by CHIF
- (2) Waterbury – administered by CHIF
- (3) Gaffney Place (downtown Waterbury) – administered by MHA

At the June 2013 meeting, the State Bond Commission allocated \$1.6 million to CHIF and \$1 million to MHA through the Flexible Housing program to support these programs.

The Out Years

The potential shift in debt service costs indicated above would impact the outyears.

OLR Bill Analysis**SB 889*****AN ACT CONCERNING THE URBAN REVITALIZATION PROGRAM.*****SUMMARY:**

This bill makes permanent the urban revitalization pilot program. The program's goal is to revitalize distressed municipalities by increasing homeownership in neighborhoods with high proportions of one- to four-family properties. The program must give priority to promoting owner-occupancy in buildings that are for sale, vacant, deteriorated, in foreclosure, or bank- or investor-owned.

The housing commissioner must report on the program to the Housing Committee by January 1, 2016 and biannually thereafter.

EFFECTIVE DATE: October 1, 2015

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 13 Nay 0 (02/19/2015)